GOVERNMENT OF INDIA
POWER
LOK SABHA

STARRED QUESTION NO:341
ANSWERED ON:16.08.2001
POLICY TO ATTRACT LARGE SCALE INVESTMENT IN POWER SECTOR
ASHOK KUMAR PATEL;RAMPAL SINGH

Will the Minister of POWER be pleased to state:

(a) whether it is the policy of the Government to attract large scale investment in power sector;

(b) if so, the action taken so far to implement this policy; and

(c) the amount of investment in terms of dollars required by the country in order to tackle the problems relating to power?

Answer

THE MINISTER OF POWER (SHRI SURESH P. PRABHU)

(a) to (c) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF STARRED QUESTION NO. 341 TO BE ANSWERED IN TH LOK SABHA ON 16.08.2001 REGARDING POLICY TO ATTRACT LARGE SCALE INVESTMENT IN POWER SECTOR.

(a) & (b) : The policy to attract and encourage greater investment through private sector participation in the power sector was announced in 1991. The private power policy was announced in the background of inability of Government alone to mobilize adequate financial resources given the highly capital intensive nature of the sector and the large incremental capacity addition requirements. This policy has been reviewed/modified, wherever necessary, from time to time, with a view to streamlining the procedures ensuring transparency and for speedy development of the power projects. The steps taken include the following:

(i) award of power project through International Competitive Bidding (ICB) route made mandatory from 18.2.1995 onwards,

(ii) delegation of power for environmental clearance,

(iii) raising of capital cost limit exceeding which techno-economic clearance is required from the Central Electricity Authority (CEA),

(iv) automatic approval of foreign investment without any limit,

(v) tariff notification prescribing rate of return on investment, norms of operations for various types of power projects, etc.,

(vi) formulation of revised mega power policy, captive power policy, liquid fuel policy, hydel policy, etc.,

(vii) relaxation of 40% cap on debt exposure by Indian Financial Institutions,

(viii) development of an alternative payment security mechanism linked to reform milestones.

(c) : To meet the `power on demand` by 2012, it is estimated that an additional capacity of around 1,00,000 MW would be required to be set up. The approximate fund requirement to meet the above capacity addition and also to provide matching transmission and distribution network, is around Rs.8 lakhs crores. (Around US $170 Billion at 1 US $ = Rs.47).